



LIQUOR CONTROL BOARD  
**INTER-OFFICE  
CORRESPONDENCE**

City: Olympia

Date: March 31, 1994

To: The Board

From: M. Carter Mitchell *WCM*

Subject: REVIEW OF PROPOSED LEGISLATION - POSTINGS

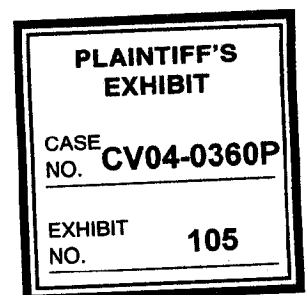
DISTRIBUTION:

Chairman McGavick  
Mr. Murphy  
Mr. Rabourn

As you are aware, the chair has made some revisions to the price posting proposal which went to the Governor's office and OFM this year, but failed in the session. Attached for your review and comment is a copy of the proposal which has be revised.

Please review the proposal (it is presented to you in the same format as we would have to present it to OFM). Any suggestions, changes, etc. you believe necessary should be noted and this will be the subject of discussion at the Tuesday staff meeting on April 5.

Resp to Costco RFP  
6218



**WASHINGTON STATE LIQUOR CONTROL BOARD**  
**1995 REQUEST LEGISLATION - Bill Classification: Category B**  
**PRICE POSTINGS - RCW 66.28.180**

**OVERALL PURPOSE AND INTENT OF LEGISLATION:**

RCW 66.28.180 requires price postings by wholesalers and manufacturers of malt liquor, beer and wine. The current process is very heavily oriented to paper and is labor intensive. A computerized system has been developed. The system began about a year ago and currently has about 15 percent of the possible licensees (approx. 30 out of 200) involved at this point. About \$ 44,000 in salaries has been expended thus far in development costs plus substantial support for new users including free software.

The primary objective of price postings, which began many years ago, is to preclude the sale of products at unfair prices, most easily achieved when one sells for below cost. The Board reviews price postings when there is a complaint filed against either a manufacturer or wholesaler. Under the proposed change, postings could still be reviewed by the Board by field agents comparing posted prices with those that are claimed to be in use.

The prices posted with the Board are collected and distributed by at least one private organization to all of the wholesalers/distributors on a monthly basis. Under the proposal, this same opportunity would exist because the posted prices would have to be made available to anyone who asked to see the documents. Compilation of a monthly summation would still be possible.

Retaining records in the respective licensees' places of business will still ensure that such information is available, but yet in a more reasonable and cost efficient manner.

**MAJOR PROVISIONS OF PROPOSAL:**

1. Eliminates monthly postings to and approval by the Board.
2. Requires individual manufacturers, wholesalers and importers to maintain notorized postings at their respective businesses/
3. Requires such postings be open for inspection.
4. Prohibits changes to postings other than for specific distress purposes.
5. Prohibits any quantity discounts to be offered.

**GOVERNMENT AGENCIES IMPACTED BY PROPOSAL:**

None other than WSLCB.

## **STAKEHOLDERS AND THEIR POSITIONS:**

### **PROPOSERS:**

WSLCB

Some wholesalers as individual licensees

Some manufacturers as individual licensees

### **OPPOSERS:**

Beer and Wine Wholesalers Association (Phil Wayt - 352-5252)

Some retailers ~~who might be asked to object by their wholesalers~~

Some manufacturers as individual licensees

### **SPECIAL NOTE:**

As a result of the budgetary reduction mandated in 1993, the price postings program was identified as one program which could be eliminated. In order to eliminate the function, the statute requiring the Board to perform the duties (RCW 66.28.180) had to be amended during the 1994 session. A bill was prepared pursuant to instructions from OFM. When circulated, no legislators in the Senate Labor and Commerce Committee would sign as sponsors. In the House Commerce and Labor Committee, Chairman Heavey sponsored the bill, but it did not receive a hearing. There was considerable opposition from the wholesalers association. An organized effort to prevent a hearing in either chamber will result from introduction of the legislation unless some form of agreement can be worked out with the Beer and Wine Wholesalers. Further discussions with their Executive Director following conclusion of the 94 session indicate the group is willing to allow the Board to eliminate the responsibility of reviewing price postings, if effective safeguards can be implemented.

### **FISCAL IMPACT:**

By eliminating the need to have price postings filed with the Board on a monthly basis, the Board would be able to avoid at least 3.0 FTE's representing approximately \$ 96,000 for that activity. These FTE's would likely be reassigned within our Licensing Services Division where they would perform functions directly associated with processing applications for liquor licenses as licensing technicians. Because of the transfer of responsibilities of the license technicians, there would be no direct savings or additional costs, but an important public service could be staffed more effectively.

### **AGENCY PERSONNEL TO BE CONTACTED:**

Policy Questions: M. Carter Mitchell, Public Information Officer/Legislative  
Liaison, 753-6276

Legal Counsel: Kim O'Neal, Assistant Attorney General, 586-7843

AN ACT Relating to price postings by wholesalers and manufacturers of malt liquor, beer and wine; and amending RCW 66.28.180.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 66.28.180 and 1985 c 226 s 4 are each amended to read as follows:  
((It is unlawful for)) A person, firm, or corporation holding a certificate of approval issued under RCW 66.24.270 or 66.24.206, a beer wholesaler's license, a brewer's license, a beer importer's license, a domestic winery license, a wine importer's license, or a wine wholesaler's license within the state of Washington ((to modify any prices without prior notification to and approval of the board.)) shall meet the following requirements:

(1) Prices of all liquor products sold by licensees identified in this act must be on file at the business location licensed by the board. Such price listings shall be notarized by the first working day of the month and made available for inspection by anyone who requests them during normal business hours.

(2) Prices are to be set for the entire calendar month.

(3) Prices may be changed during the first three business days of the month, by all parties, to meet competitive issues.

(4) Prices may be changed for distress situations: i.e. beer nearing the end of the shelf life as established by the manufacturer's coding. Prices may only be reduced on product in distress, not all like items in inventory, and then only for small quantities, fewer than 50 cases of age dated products, for less than 30 days from the expiration.

(5) Beer and wine shall not be sold at a price less than its cost of acquisition.

(6) No price postings shall be made directly to the board, however, the board's staff may inspect such postings to insure compliance with this act.

(7) Quantity discounts are prohibited.